A business plan is essential in starting a business, improving a business, or raising capital, and is a detailed view of the business. A Sample Business Plan is found in Appendix J. Low-cost assistance and training in preparing a business plan is available from Small Business Development Centers (SBDC) located throughout the United States. Although a complete business plan as found in Appendix J is recommended, the minimum requirements for the Business Plan are as follows:

1. Documentation of Business, Company, or Organization
2. Narrative Description of Who Will Perform Work
3. Description of Business Experience and Past Performance Evaluations
4. Financial Resources (Financial Statement, Form FS-6500-24, and Request for Verification, Form FS-6500-25) Appendix 17 & 18.
5. Payment History/Credit References
6. Cash Flow Projection for The First Three Years of Operation
7. Income Projection by Month For the First Three Years of Operation
8. Estimated Fee to the Government

Additional requirements for the Business Plan are specified below:

DOCUMENTATION OF BUSINESS, COMPANY, OR ORGANIZATION

Applicants should include information about the business organization and organizational structure, i.e., organization and/or individual name, mailing address, designated agent, evidence of incorporation and good standing, and name and address of each affiliate of the applicant.

Applicants that are limited-liability companies should provide the names and interests of the company's principals.

Should the applicant not be incorporated in the state where the concession is located, the applicant must submit a license to do business in that state.

NARRATIVE DESCRIPTION OF WHO WILL PERFORM THE WORK

Applicants should specify whether the applicant will perform the operation-and-maintenance work, or if a third party will be used. Should a third party be used, identify the entity to be used, its address, and the individual who will be responsible for any of the operational aspects of the concession, and describe his/her relevant experience.

DESCRIPTION OF BUSINESS EXPERIENCE AND PAST PERFORMANCE EVALUATIONS

Applicants should furnish a detailed description of their experience as it relates to operating and maintaining recreation sites (i.e., campgrounds, beaches, etc.). The description should include experience in private business, public service, or any nonprofit or other related enterprises. For each business venture, include the following information:

- The dates for the business experience
- The location of the business
- A description of services provided
- A description of customers served
- The number of employees supervised
- The volume of business

Applicants who have experience in managing Forest Service (FS) or other Government campgrounds *MUST* provide copies of annual written performance evaluations for the most recent three years of operation under each special use permit held. If a written performance appraisal was not given, this fact must be stated.

Applicants should also furnish three business references, with the names, addresses, and telephone numbers in support of applicable business experience.

FINANCIAL RESOURCES

Any financial information submitted by applicants should conform to generally accepted accounting principles or other comprehensive bases of accounting. Any previously prepared financial documents that are submitted should be unredacted and in their original form, including footnotes.

The business plan and all financial information and projections are confidential information, and may not be released by the FS, to the extent allowed in the Freedom of Information and Privacy Act, 5 U.S.C. 552 and 552a, respectively.

In order to assess the technical and financial capability [(36 CFR 251.54 (e)(3)] of the applicant, the following are required:

Financial Statement

Detailed financial statements must be submitted for the corporation, general or limited partnership, limited liability Company, or sole proprietorship submitting a proposal. Form FS-6500-24 (5/96) is included in Appendix 17 and is a recommended format.

Applicants should submit a complete set of financial statements (audited, reviewed, or compiled by a CPA) for the last three fiscal years. If the financial statements were compiled by a CPA, applicants must complete parts (D)(1) or (D)(2) of Form FS-6500-24, "Financial Statement", to provide *notarized certification* as to being true and correct.

In the event that the above CPA-prepared financial statements do not exist for any of the last three fiscal years, applicants must provide a completed and notarized Form FS-6500-24 for any fiscal year they were in business during that three-year period. Limited-liability companies need to list the name of the company in Block 1 and the names and interests of the principals in Block 5, and complete the certification in Part (D)(1) of FS-6500-24.

Applicants who have not been in business for the last three fiscal years, and therefore cannot submit required financial statements or an FS-6500-24, must submit two fiscal years of projected financial statements, compiled by a CPA using the forecast method. Applicants must complete Part (D) of Form FS-6500-24 "Financial Statement", to provide *notarized certification* that the projected financial statements are true and correct.

Request for Verification

Applicants must show they have 25 percent of the first year's operating costs in liquid assets. Liquid assets are those that can be readily converted to cash.

Applicants must complete Form FS-6500-25 (Request for Verification, included in Appendix 18) and submit it with their business plan. They should complete Blocks 1 through 5 of the form and send a copy to each financial institution with which they do business, in order for them to complete Blocks 6 through 15 of the form. The financial institution(s) should mail the completed forms to:

Superior National Forest
Tofte Ranger District
ATTN: Christy Tampio
PO Box 2159
Tofte, MN 55615

PAYMENT HISTORY / CREDIT *REFERENCES*

Financial ability evaluation will also include payment history. Payment history will take into account record of payments of fees to the Government for those who have permits previous to this bid or who have other business transactions with the Government and known to the evaluators. Documentation provided by the applicant reflecting payment history in other businesses or credit reports will also be considered. **If applicant has a clear payment record and no known adverse**

items have occurred in the last five years, applicant should attest to this clear record. The best evaluation of payment history will result for applicants with positive payment history who also attest to that record. A known poor payment record not addressed as to corrective action or mitigating circumstances will detract from the ranking.

CASH FLOW PROJECTION FOR THE FIRST THREE YEARS OF OPERATION

The cash flow projection should include an estimate of the cost of operating the recreation sites. It should also include all interim and permanent sources of funds. An example of a monthly cash flow projection can be found in the Businness Plan Sample, part of this Appendix.

INCOME PROJECTION FOR THE FIRST THREE YEARS OF OPERATION

An example of a monthly income projection can be found in the Business Plan Sample, part of this Appendix.

ESTIMATED FEE TO THE GOVERNMENT

The applicant's business plan must state the expected annual adjusted gross revenue for the first year of operation (by campground), and for subsequent years (consolidated) of the permit (ten-year projection), and the expected fee to Government for each year. The minimum fee is outlined in the "Fee to the Government" section (page 22). The fee to be offered should be expressed as a percentage of adjusted gross revenue, using the format found in Appendix 8, Operating proposal format. The offered fee should equal or exceed the minimum fee.

A Business Plan

Eastern Region
of the
USDA Forest Service

Business Plan in Response to the Prospectus for the

Superior National Forest

Name of Company ____

Address ____

Company Contact ____

Phone ____

Contents

Part I: The Business

Purpose and Goals

As we proceed through our business careers, it is vital that we set goals for the future. Although this is difficult and time consuming, the final reward is worth the effort. As you fill in the following, be as realistic as you can. Answers you develop now will be the basis of your business plan.

What is your purpose in pursuing this business?

Define your business goals for the next year and what you foresee five years from now.

Description of the Business

This section should describe the nature and purpose of the company, background of its industry, and what opportunities you see for its products or services. It provides you with insights that allow you to better correlate the projections and estimates presented in subsequent sections.

Brief description of the business.

Briefly describe your knowledge of this industry.

List the products and services you will provide.

Legal Structure

There are several ways in which your business can be legally organized. To determine the best one for you and your organization, you need to seek competent legal and tax advice. To give you a general frame of reference, the more popular forms and their reasons for use are outlined in Part V, Appendices.

How is your company legally organized?

Why is this legal organization most appropriate for your business?

Does your operation require a state registration number? YES ____ NO ____ If ``Yes,''please include a copy of the registration in the Supporting Documents.

Include any appropriate information, including shareholder or partnership agreements, in the Supporting Documents, and complete the following list of owners:

Name	***Address***	***SSN***	***% Ownership***

Location of Your Business

Describe the planned geographical location of the business and discuss any advantages or disadvantages of the site location in terms of wage rates, labor availability, closeness to customers or suppliers, access to transportation, state and local taxes, laws, and utilities. Describe your approach to overcoming any problems associated with the location.

Planned geographical location.

Discuss advantages or disadvantages of the site location.

Describe your approach to overcoming any problems.

Market And Customers

The purpose of this section is to present sufficient facts to convince the evaluator that the product or service has a substantial market and can achieve sales in the face of competition. Discuss who the customers are for the anticipated product or service. Where are the major purchasers for the product or service?

Describe your anticipated target market (e.g., age, income, hobbies, regional, national, international).

Describe the size of the current total market and potential annual growth.

Discuss your advertising campaign in terms of how, when, and where you will advertise, and estimated annual cost.

Competitive Analysis

Each business has (or should have) a uniqueness that separates it from its competitors. Make a realistic assessment of the strengths and weaknesses of competitive products and services, and name the companies that supply them. Compare competing products or services on the basis of image, location, price, advertising, and other pertinent features. Discuss your three or four key competitors and explain why you think that you can capture a share of their business. Discuss what makes you think it will be easy or difficult to compete with them.

Identify three or four of your key competitors.

Discuss their strengths and weaknesses.

Why do you think you can compete with your competitors and capture a share of the market?

Compare your product or service on key areas. For each area of comparison rank yourself and your selected competitors on a scale of 1 (high) to 5 (low). Remember: no ties.

		Competitors			
Area of Comparison	**You**	**A**	**B**	**C**	**D**
Image					
Location					
Price					
Advertising					
Service					
Uniqueness					

Management

Your management team is the key to turning a good idea into a successful business. The evaluator looks for a committed management team with a proper balance of technical, managerial, and business skills and experience in doing what is proposed. Be sure to include complete résumés for each key management member in the Supporting Documents section.

List owners and key management personnel and their primary duties. If any key individuals will not be onboard at the start of the venture, indicate when they will join the staff.

Discuss any experience when the above people have worked together that indicates how their skills complement each other and result in an effective management team.

List the advisors and consultants that you have selected for your venture. Capable, reputable, and well- known supporting organizations can not only provide significant direct and professional assistance, but also can add to the credibility of your venture.

Accountant ____

Attorney ____

Banker ____

Insurance Broker ____

Advertising ____

Others ____

Personnel

One of the key elements in any business is PEOPLE. Explain how you plan to recruit, develop, and maintain your workers. List the number of employees you will have, as well as their job titles and required skills.

Identify essential employees, their job titles, and required skills

Identify the source and your plan to recruit essential employees.

Discuss any training or retraining that you plan for your employees. Also, discuss any necessary first-aid certification or recertification, etc.

Part II: Financial Data

Capital-Equipment List

This section will help you plan purchases of capital equipment needed to start your business. Capital equipment is defined as assets which have useful lives of more than one year. Examples include machines, equipment, vehicles, livestock, tack, gear, and computers. Describe the equipment, the quantity, whether the equipment is new or used (N/U), the expected useful life, and the cost. This includes equipment purchased from existing businesses.

Equipment	Quantity	N/U	Life	Cost
Total Cost of Capital Equipment				**$**

Start-Up Expenses

Start-up expenses are the various costs it takes to open your doors for business. Some of these will be one-time expenditures, whereas others will occur every year.

Item	**Cost**
Total cost of capital equipment (from page 84)	$ ________________
Beginning inventory of operating supplies	________________
Legal fees	________________
Accounting fees	________________
Other professional fees	________________
Licenses and permits	________________
Remodeling and repair work	________________
Deposits (public utilities, etc.)	________________
Advertising	________________
Insurance	________________
Bonds	________________
Advance permit fees	________________
Other expenses:	
______________________________________	________________
______________________________________	________________
Total Start-Up Expenses	**$** ________________

Sources and Uses of Financing

This section is another critical financial forecast. What will be the sources of your initial financing? The following step of how you will use this financing to buy the assets needed to open your doors for business is equally important, and will be of major interest.

Note: This section will not be used if you own an existing business, unless you're planning a major refinancing and restructuring of your business.

On the next page:

- ❷ Fill in the cash amounts to be invested by the various owners or shareholders.
- ❷ Fill in the market value of noncash assets to be invested by the various owners or shareholders. Examples include equipment, vehicles, and buildings.
- ❷ Fill in the bank loans to your business, both short-term (one year or less) and long-term.
- ❷ Fill in the amounts of loans secured by your personal assets (for example, your home).
- ❷ Fill in any Small Business Administration loans from any other sources.
- ❷ Fill in the amounts of cash used to buy various assets in the Uses of Financing section.
- ❷ Fill in the noncash assets contributed by the owner (use the same amounts listed in Sources of Financing).
- ❷ Estimate your ``working capital'' needs. This is an often misused term, since it strictly means ``current assets minus current liabilities.'' However, we use ``working capital'' here to describe that money which you'll need to pay operating expenses for the first few months of business operation until profits are realized. The number of months working capital depends on the business, but as an absolute minimum you should have three months of expense money in the bank. You should discuss this with your banker, and you may want to consider a pre-approved loan called a ``line of credit,'' from which you draw funds only when you need to have them. DON'T SKIP THIS STEP!
- ❷ Total both sections (Sources and Uses); they should be equal.

Sources of Financing

Investment of cash by owners	$
Investment of cash by shareholders	
Investment of noncash assets by owners	
Investment of noncash assets by shareholders	
Bank loans to business: short term (one year or less)	
Bank loans to business: long term (more than one year)	
Bank loans secured by personal assets	
Small Business Administration loans	
Other sources of financing (specify)	
Total Sources of Financing	**$**

Uses of Financing

Buildings	$ ________________
Equipment	________________
Initial inventory	________________
Working capital to pay operation expenses	________________
Noncash assets contributed by owners (use same amount as in Sources, above)	________________
Other assets (specify)	
________________________	________________
________________________	________________
Total Uses of Financing	**$** ________________

Monthly Cash Flow Projection

The cash flow projection is the most important financial planning tool available to you. If you were limited to one financial statement, the Cash Flow Projection would be the one to choose.

For a new or growing business, the cash flow projection can make the difference between success and failure. For an ongoing business, it can make the difference between growth and stagnation.

Your Cash Flow Projection will show you:

- how much cash your business will need;
- when it will be needed;
- whether you should look for equity, debt, operating profits, or sale of fixed assets; and
- where the cash will come from.

The cash flow projection attempts to budget the cash needs of a business and shows how cash will flow in and out of the business over a stated period of time. Cash flows into the business from sales, collection of receivables, capital injections, etc., and flows out through cash payments for expenses of all kinds.

A cash flow deals only with actual cash transactions. Depreciation, a noncash expense, does not appear on a cash flow. Loan repayments (including interest), on the other hand, do, since they represent a cash disbursement.

After it has been developed, use your cash flow projection as a budget. If the cash outlays for a given item increase over the amount allotted for a given month, you should find out why and take corrective action as soon as possible. If the figure is lower, you should also find out why. If the cash outlay is lower than expected, it is not necessarily a good sign. Maybe a bill wasn't paid. By reviewing the movement of your cash position you can better control your business.

Use the Cash Flow Projection chart on the next page to make sure you don't omit any ordinary cash flow item. But be sure to add any items that are peculiar to your business.

The level of detail you wish to provide is another judgement call. You may want to provide much more detail than is shown in these examples. You might benefit from breaking down your total cash flow into a series of cash flows, each representing one profit center or other business unit. This can be particularly helpful if you have more than one source of revenue. The accumulated information gained by several projections can be very valuable.

Cash Flow Projection (or Cash Flow Budget) by Month: Year One

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1		**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**TOTAL**
2	Cash Receipts													
3	Sales Receivables													
4	Wholesale													
5	Retail													
6	Other Services													
7	**Total Cash Receipts**													
8	Cash Disbursements													
9	Cost of Goods													
10	Variable Labor													
11	Advertising													
12	Insurance													
13	Legal and Accounting													
14	Delivery Expenses													
15	Fixed Cash Disbursements*													
16	Mortgages (Rent)													
17	Term Loan													
18	Line of Credit													
19	Other													
20	**Total Cash Disbursements**													
21														
22	**Net Cash Flow**													
23														
24	**Cumulative Cash Flow**													
25														
26	*Fixed Cash Disbursements													
27	Utilities													
28	Salaries													
29	Payroll Taxes and Benefits													
30	Office Supplies													
31	Maintenance and Cleaning													
32	Licenses													
33	Boxes, Paper, etc.													
34	Telephone													
35	Miscellaneous													
36	Total FCD/Year													
37	FCD/Month													
38														
39	Cash on Hand													
40	Opening Balance													
41	+ Cash Receipts													
42	- Cash Disbursements													
43	Total = New Balance													

Start-Up Balance Sheet

Balance sheets are designed to show how the assets, liabilities, and net worth of a company are distributed at a given point in time. The format is standardized to facilitate analysis and comparison; do not deviate from it.

Balance sheets for all companies, great and small, contain the same categories, arranged in the same order. The difference is one of detail. Your balance sheet should be designed with your business information needs in mind. These will differ according to the kind of business you are in, the size of your business, and the amount of information your bookkeeping and accounting systems make available.

A sample balance sheet follows.

Name of the Business
Date (month, day, year)
Balance Sheet

Assets		
Current Assets		$ ____________
Fixed Assets	$ ____________	
Less Accumulated Depreciation	$ ____________	
Net Fixed Assets		$ ____________
Other Assets		$ ____________
Total Assets		**$** ____________

Footnotes:

Liabilities	
Current Liabilities	$ ____________
Long-Term Liabilities	$ ____________
Total Liabilities	**$** ____________
Net Worth or Owner's Equity	**$** ____________
(Total assets minus total liabilities)	
Total Liabilities and Net Worth	**$** ____________

Footnotes:

Start-Up Income Statement Projection

Income Statements, also called Profit and Loss Statements, complement balance sheets. The balance sheet gives a static picture of the company at a given point in time. The income statement provides a moving picture of the company during a particular period of time.

Income projections are forecasting and budgeting tools, estimating income and anticipating expenses in the near to middle-range future. For most businesses (and for most bankers), income projections covering one to three years are more than adequate. In some cases, a longer-range projection may be called for, but in general, the longer the projection, the less accurate it will be as a guide to action.

While no set of projections will be 100% accurate, experience and practice tend to make the projections more precise. Even if your income projections are not accurate, they will give you a rough set of benchmarks to test your progress toward short-term goals. They become the base of your budgets.

The reasoning behind income projection is: Since most expenses are predictable and income doesn't fluctuate too drastically, the future will be much like the past. For example, if your gross margin has historically been 30% of net sales, it will (barring strong evidence to the contrary) continue to be 30% of net sales. If you are in a start-up situation, look for financial-statement information and income ratios for businesses similar to yours. The Robert Morris Associates' *Annual Statement Studies* and trade association publications are two possible sources.

Try to understate your expected sales and overstate expenses. It is better to exceed a conservative budget than to fall below optimistic projections. However, being too far under can also create problems, such as not having enough capital to finance growth. Basing income projections on hopes or unjustified fears is hazardous to your business's health. Be realistic; your budget is an extension of your forecasts.

A suggested format for an income projection follows on the next page. The content as shown in the sample may have to be modified to fit your particular operation, but do not change the basic form.

Income Projection by Month: Year One

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1		**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**TOTAL**
2														
3	Sales													
4	Wholesale													
5	Retail													
6	**Total Sales:**													
7														
8	Cost of Materials													
9	Variable Labor													
10	Cost of Goods Sold													
11														
12	**Gross Margin**													
13														
14	Operating Expenses													
15	Utilities													
16	Salaries													
17	Payroll Taxes and Benefits													
18	Advertising													
19	Office Supplies													
20	Insurance													
21	Maintenance and Cleaning													
22	Legal and Accounting													
23	Delivery Expenses													
24	Licenses													
25	Boxes, Paper, etc.													
26	Telephone													
27	Depreciation													
28	Miscellaneous													
29	Rent													
30	**Total Operating Expenses:**													
31														
32	Other Expenses													
33	Interest (Mortgage)													
34	Interest (Term Loan)													
35	Interest (Line of Credit)													
36	**Total Other Expenses:**													
37	**Total Expenses:**													
38														
39	**Net Profit (Loss) Pre-Tax**													

Part III: Historical Financial Reports for Existing Business

____ Balance sheet (past three years)

____ Income statement (past three years)

____ Tax returns (past three years)

____ Current credit report from major credit bureau

Part IV: Supporting Documents

____ Personal résumés of business owners, officers, and partners

____ Personal financial statements of business owners, officers, and partners

____ Bank or investor letters of intent to finance project

____ Copies of business leases pertinent to this business

____ Copies of all pertinent existing permits or licenses applicable to this business

Part V: Appendices

Legal Organization

There are several ways in which your business can be legally organized. To determine the best one for you and your organization, you need to seek competent legal and tax advice. To give you a general frame of reference, the more popular forms and their reasons are outlined below. More detailed information can be obtained through the Wisconsin Small Business Development Center sites listed at the end of this section or their web site http://WWW.wsbcd.org.

Sole Proprietorship

A sole proprietorship is a business owned by one person. This form of business is regulated by the state only in that some states require you to register your trade name to do business as a sole proprietor. You do not have to register with the state if you are operating your business under your own full legal name. (Note: You must be licensed where required, and pay all appropriate taxes. You should also plan to maintain a separate checking account for your business, even if using your own Social Security number).
Advantages

- Simple to start.
- Easy to dissolve.
- Owner makes all management decisions.
- Pay only personal income tax; business entity not taxed separately.

Disadvantages

- Unlimited liability (owner legally liable for all debts, claims and judgments).
- Difficulty in raising additional funds.
- No one to share the management burden.
- Impermanence (company can't be sold or passed on; however, you may sell or pass on assets of the company).

General Partnership

A partnership is an association of two or more persons to carry on as co-owners of a business for profit. Some states require that you register your name if it is a trade name (not your full legal name). You must file state and Federal ``information returns,'' but business income and losses flow through to the partners' personal taxes. The business pays no separate income taxes. Partners may share the profits of the business (and the losses) on an equal basis, or may pro rate the proceeds as set forth in a Partnership Agreement. Whichever way you determine to share in the business, you need to have a written Partnership Agreement outlining the ownership, responsibilities, and eventualities of dissolution or liquidation for the business.

Advantages

- Simple to start.
- Fairly easy to dissolve.
- Additional sources of capital from partners.
- Broader management base.
- More opportunity for each partner to specialize.
- Tax advantages: no separate income tax.
- Limited outside regulation, compared to a corporation.

Disadvantages

- Unlimited financial liability for all general partners (some partners' personal debts can even be charged to the business).

- Difficulty if raising outside capital.
- Divided authority.
- Continuity problems (business dies when any partner leaves or dies, unless succession has previously been spelled out in a Partnership Agreement. Partnership terminates in the event of a personal bankruptcy on the part of any partner).
- Difficult to find suitable (compatible) partners.
- One partner may be responsible for the actions of another partner, regardless of whether that partner had prior approval.

Corporation

There are two types of corporations generally recognized today: a regular ``C'' corporation, organized under the laws of the state in which you do business; and an ``S'' Corporation, so designated by the IRS and not necessarily recognized by your state.

A corporation is a business entity separate and distinct from its owner(s) or shareholder(s). You must file incorporation papers with the state of your choice. The corporation must file annual reports with the Secretary of State, and may have to file separate quarterly income tax returns. The corporation exists forever, can be bought and sold, and is regulated by the state. In Wisconsin information about forming a corporation can be obtained from the Secretaty of State's Office, or from the Business Assistance Center.

``C'' Corporation Advantages

- Limited liability (as long as you *act* like a corporation-which means having a separate checking account and phone number, paying interest on any borrowed money, keeping up a corporate record book, filing annual reports, meeting with your Board of Directors at least annually, etc.).
- Easier to bring in additional capital.
- Ownership is transferable.
- Company has continuous, perpetual existence.
- Possible tax advantages (seek adequate advice from a tax professional).
- Gives you more sense of permanence, thus more ``weight,'' in the business world.

``C'' Corporation Disadvantages

- More expensive to organize.
- Highly regulated.

- ❷ Extensive record-keeping requirements.
- ❷ Double taxation (corporation pays its own income taxes; if you pay yourself a salary or a dividend, you also pay personal income taxes).
- ❷ Shareholders/Board of Directors may counter your management decisions.

``S'' Corporation Advantages

- ❷ Filing a Subchapter Selection with the Internal Revenue Service allows you to be taxed on your corporate profits through your personal tax return.
- ❷ You still maintain the limited liability of a corporation.
- ❷ If you have additional personal income against which to deduct company losses, or if your personal tax rate is lower than the corporate tax rate, this form may be advantageous for you. Again, please seek professional tax advice to make this determination.

``S'' Corporation Disadvantages

❷ **There are some restrictions on S Corporations, mainly in how you can sell your shares. You can have a maximum of 35 shareholders, all of whom must be U.S. citizens, and be individuals (not corporations).**

- ❷ You must request permission from the IRS to be an S Corporation, and generally, must maintain the calendar year as your fiscal year.

We suggest that, if you intend to be an ``S'' Corporation, you do so at the inception of your incorporation to meet IRS deadlines, and to be able to pass all losses on to the shareholders.

Limited Partnership

In a Limited Partnership, there are two kinds of partners: general partners, who carry full liability; and limited partners, who carry limited liability. Limited partners must make known, through filing with the Secretary of state, that they indeed are limited partners, and they may not participate in the day-to-day management of the business. Again, as in the ``S'' Corporation, profits from Limited Partnerships are taxed through each partner's personal tax return. Limited partnerships are popular in industries where a great deal of ``up-front'' money is needed for projects that are expected to produce a high return, such as in real estate, energy, movie production, and sports teams.

Limited Liability Company (LLC)

While wearing the corporate form, essentially, an LLC is similar to a Limited Partnership, except the general partner also carries limited liability. Profits are taxed through individual owners' personal tax returns. The advantage of this form over an ``S'' Corporation is that other corporations may be owners, and the Limited Liability Company may also hold 100% ownership in subsidiary companies. If you are a small corporation, but have interest from institutional or corporate investors, this form of organization may hold distinct advantages for you.

Be aware, however, that the LLC is a relatively new business form. Legal precedents have not yet been set to outline clearly all the legal and tax ramifications of this form of organization. If interested in becoming an LLC, you are strongly urged to seek competent, professional legal and tax advice.

Small Business Development Centers (SBDC)

The U.S Small Business Administration (SBA) administers the Small Business Development Center Program to provide management assistance to current and prospective small business owners. SBDCs offer one-stop assistance to small businesses by providing a wide variety of information and guidance in central and easily accessible branch locations. The program is a cooperative effort of the private sector, the educational community and federal, state and local governments. It enhances economic development by providing small businesses with management and technical assistance.

The SBDC Program is designed to deliver up-to-date counseling, training and technical assistance in all aspects of small business management. SBDC services include, but are not limited to, assisting small businesses with financial, marketing, production, organization, engineering and technical problems and feasibility studies. Special SBDC programs and economic development activities include international trade assistance, technical assistance, procurement assistance, venture capital formation and rural development.

The SBDCs also make special efforts to reach minority members of socially and economically disadvantaged groups, veterans, women and the disabled. Assistance is provided to both current or potential small business owners. They also provide assistance to small businesses applying for Small Business Innovation and Research (SBIR) grants from federal agencies.

Assistance from an SBDC is available to anyone interested in beginning a small business for the first time or improving or expanding an existing small business, who cannot afford the services of a private consultant.

Local SBDCs

Note: This listing is limited to SBDC offices throughout the State of Minnesota. For a complete listing of SBDC offices near you, visit the SBDC website at http://www.sba.gov/sbdc/

Northwest Minnesota SBDC
www.nwsbdc.com
1103 Roosevelt Road
Bemidji, MN 56601
(218) 755-4255

North Central Minnesota SBDC
www.mnsbdc.com
501 West College Drive
Brainerd, MN 56401
(218) 855-8140

Minnesota SBDC State Office
www.mnsbdc.com
332 Minnesota Street Suite E200
St. Paul, MN 55101
(651) 259-7423

Central Minnesota SBDC
www.stcloudstate.edu/sbdc
355 5th Avenue South
St. Cloud, MN 56301
(320) 308-4842